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SENATE BILL 166

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Joseph J. Carraro

AN ACT

RELATING TO TAXATION; REDUCING INCOME TAX RATES FOR LOW AND MODERATE INCOME TAXPAYERS OVER A FOUR-YEAR PERIOD.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. That version of Section 7-2-7 NMSA 1978 that became effective January 1, 2004 (being Laws 2003, Chapter 2, Section 3) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning in 2004:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	[1.7%] <u>1.5%</u> of taxable income
Over \$ 4,000 but not over \$ 8,000	\$[68.00] <u>60.00</u> plus [3.2%]
	<u>3.0%</u> of excess over \$ 4,000

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1 Over \$ 8,000 but not over \$ 12,000 \$ [~~196~~] 180 plus [~~4.7%~~]
2 4.5% of
3 excess over \$ 8,000
4 Over \$ 12,000 but not over \$ 20,000 \$ [~~384~~] 360 plus [~~6.0%~~] 5.5% of
5 excess over \$ 12,000
6 Over \$ 20,000 \$ [~~864~~] 800 plus 6.8% of
7 excess over \$ 20,000.

8 B. For surviving spouses and married individuals filing
9 joint returns:

10 If the taxable income is: The tax shall be:
11 Not over \$8,000 [~~1.7%~~] 1.5% of taxable income
12 Over \$ 8,000 but not over \$ 16,000 \$ [~~136~~] 120 plus [~~3.2%~~] 3.0% of
13 excess over \$ 8,000
14 Over \$ 16,000 but not over \$ 24,000 \$ [~~392~~] 360 plus [~~4.7%~~] 4.5% of
15 excess over \$ 16,000
16 Over \$ 24,000 but not over \$ 40,000 \$ [~~768~~] 720 plus [~~6.0%~~] 5.5% of
17 excess over \$ 24,000
18 Over \$ 40,000 \$ [~~1,728~~] 1,600 plus 6.8% of
19 excess over \$ 40,000.

20 C. For single individuals and for estates and trusts:

21 If the taxable income is: The tax shall be:
22 Not over \$5,500 [~~1.7%~~] 1.5% of taxable income
23 Over \$ 5,500 but not over \$ 11,000 \$ [~~93.50~~] 82.50 plus [~~3.2%~~]
24 3.0% of excess over \$ 5,500
25 Over \$ 11,000 but not over \$ 16,000 \$ [~~269.50~~] 247.50 plus [~~4.7%~~]

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1 become effective January 1, 2005 (being Laws 2003, Chapter 2, Section 4)
2 is amended to read:

3 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by Section
4 7-2-3 NMSA 1978 shall be at the following rates for any taxable year
5 beginning in 2005:

6 A. For married individuals filing separate returns:

7 If the taxable income is:	The tax shall be:
8 Not over \$4,000	[1.7%] <u>1.0%</u> of taxable income
9 Over \$ 4,000 but not over \$ 8,000	\$[68.00] <u>40.00</u> plus [3.2%] <u>2.5%</u> 10 of excess over \$ 4,000
11 Over \$ 8,000 but not over \$ 12,000	\$[196] <u>140</u> plus [4.7%] <u>4.0%</u> of 12 excess over \$ 8,000
13 Over \$ 12,000	\$[384] <u>300</u> plus 6.0% of 14 excess over \$ 12,000.

15 B. For surviving spouses and married individuals filing
16 joint returns:

17 If the taxable income is:	The tax shall be:
18 Not over \$8,000	[1.7%] <u>1.0%</u> of taxable income
19 Over \$ 8,000 but not over \$ 16,000	\$[136] <u>80.00</u> plus [3.2%] <u>2.5%</u> of 20 excess over \$ 8,000
21 Over \$ 16,000 but not over \$ 24,000	\$[392] <u>280</u> plus [4.7%] <u>4.0%</u> of 22 excess over \$ 16,000
23 Over \$ 24,000	\$[768] <u>600</u> plus 6.0% of 24 excess over \$ 24,000.

25 C. For single individuals and for estates and trusts:

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1 become effective January 1, 2006 (being Laws 2003, Chapter 2, Section 5)
2 is amended to read:

3 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by Section
4 7-2-3 NMSA 1978 shall be at the following rates for any taxable year
5 beginning in 2006:

6 A. For married individuals filing separate returns:

7 If the taxable income is:	The tax shall be:
8 Not over \$4,000	[1.7%] <u>.5%</u> of taxable income
9 Over \$ 4,000 but not over \$ 8,000	\$[68.00] <u>20.00</u> plus [3.2%] <u>2.0%</u> 10 of excess over \$ 4,000
11 Over \$ 8,000 but not over \$ 12,000	\$[196] <u>100</u> plus [4.7%] <u>4.0%</u> of 12 excess over \$ 8,000
13 Over \$ 12,000	\$[384] <u>260</u> plus 5.3% of 14 excess over \$ 12,000.

15 B. For surviving spouses and married individuals filing
16 joint returns:

17 If the taxable income is:	The tax shall be:
18 Not over \$8,000	[1.7%] <u>.5%</u> of taxable income
19 Over \$ 8,000 but not over \$ 16,000	\$[136] <u>40.00</u> plus [3.2%] <u>2.0%</u> 20 of excess over \$ 8,000
21 Over \$ 16,000 but not over \$ 24,000	\$[392] <u>200</u> plus [4.7%] <u>3.0%</u> of 22 excess over \$ 16,000
23 Over \$ 24,000	\$[768] <u>440</u> plus 5.3% of 24 excess over \$ 24,000.

25 C. For single individuals and for estates and trusts:

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1 become effective January 1, 2007 (being Laws 2003, Chapter 2, Section 6)
2 is amended to read:

3 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by Section
4 7-2-3 NMSA 1978 shall be at the following rates for any taxable year
5 beginning on or after January 1, 2007:

6 A. For married individuals filing separate returns:

7 If the taxable income is:	The tax shall be:
8 Not over \$4,000	[1.7% of taxable income] <u>\$0</u>
9 Over \$4,000 but not over	[\$ 68.00 plus 3.2% of
10 \$[8,000] <u>12,000</u>	excess over \$ 4,000]
	<u>2.0% of taxable income</u>
12 [Over \$ 8,000 but not over \$ 12,000]	[\$ 196 plus 4.7% of
	excess over \$ 8,000]
14 Over \$ 12,000	\$[384] <u>160</u> plus 4.9% of
	excess over \$ 12,000.

16 B. For surviving spouses and married individuals filing joint
17 returns:

18 If the taxable income is:	The tax shall be:
19 Not over \$8,000	[1.7% of taxable income] <u>\$0</u>
20 Over \$8,000 but not over	[\$136 plus 3.2% of
21 \$[16,000] <u>24,000</u>	excess over \$ 8,000]
	<u>2.0% of taxable income</u>
23 [Over \$ 16,000 but not over \$ 24,000]	[\$ 392 plus 4.7% of
	excess over \$ 16,000]
25 Over \$ 24,000	\$[768] <u>320</u> plus 4.9% of

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1 excess over \$ 24, 000.

2 C. For single individuals and for estates and trusts:

3 If the taxable income is: The tax shall be:

4 Not over \$5, 500 [~~1.7% of taxable income~~] \$0

5 Over \$5, 500 but not over [~~\$ 93.50 plus 3.2% of~~

6 \$~~[11,000]~~ 16,000 ~~excess over \$ 5, 500]~~

7 2.0% of taxable income

8 [~~Over \$ 11, 000 but not over \$ 16, 000]~~ [~~\$ 269.50 plus 4.7% of~~

9 ~~excess over \$ 11, 000]~~

10 Over \$ 16, 000 \$~~[504.50]~~ 110 plus 4.9% of

11 excess over \$ 16, 000.

12 D. For heads of household filing returns:

13 If the taxable income is: The tax shall be:

14 Not over \$7, 000 [~~1.7% of taxable income~~] \$0

15 Over \$7, 000 but not over [~~\$ 119 plus 3.2% of~~

16 \$~~[14,000]~~ 20,000 ~~excess over \$ 7, 000]~~

17 2.0% taxable income

18 [~~Over \$ 14, 000 but not over \$ 20, 000]~~ [~~\$ 343 plus 4.7% of~~

19 ~~excess over \$ 14, 000]~~

20 Over \$ 20, 000 \$~~[625]~~ 140 plus 4.9% of

21 excess over \$ 20, 000.

22 E. The tax on the sum of any lump-sum amounts included in net
23 income is an amount equal to five multiplied by the difference between:

24 (1) the amount of tax due on the taxpayer's taxable
25 income; and

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1 (2) the amount of tax that would be due on an amount
2 equal to the taxpayer's taxable income and twenty percent of the
3 taxpayer's lump-sum amounts included in net income."

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